

## **ND Teachers' Fund for Retirement Summary of HB 1134 Provisions**

To address declining TFFR funding levels resulting from the 2008-09 financial market downturn, the TFFR Board, with input from member and employer interest group representatives, developed a legislative proposal to improve TFFR's funded status. The proposal was based on the following core principles:

- Restore the financial health of the TFFR plan for past, present, and future ND educators.
- Maintain adequate retirement security.
- Share responsibility for funding improvement with employees, employers, and the State.
- Phase changes over time.
- Protect benefits of those employees closest to retirement.

### **HB 1134 - TFFR Funding Improvement**

- **Increases employee (teacher) contributions 4% over 2 bienniums**  
Current 7.75%      Increases to 9.75% on 7/1/12 and 11.75% on 7/1/14
- **Increases employer (school district) contributions 4% over 2 bienniums**  
Current 8.75%      Increases to 10.75% on 7/1/12 and 12.75% on 7/1/14
- **Requires re-employed retirees to pay employee contribution rates beginning 7/1/12**
- **Modifies disability benefits** for all employees by changing eligibility from 1 year to 5 years of service credit and replaces 20 year minimum with actual service in benefit calculation.
- **Modifies eligibility for unreduced retirement benefits and reduction factor for reduced retirement benefits for certain employees described below:**

**Grandfathered Tier 1 Employees who are within 10 years of retirement eligibility will not be affected by unreduced and reduced retirement changes.**

- Tier 1 employees who are vested (3 years of service credit) and at least age 55 OR have the Rule of 65 or greater (age + service) on 6/30/13 will be grandfathered under current retirement eligibility provisions (i.e. Rule of 85).

**Non-grandfathered Tier 1 Employees and all Tier 2 Employees** will have the following benefit changes as of 7/1/13:

- Unreduced retirement: Eligibility age will increase from Rule of 85 (Tier 1) or Rule of 90 (Tier 2) to Minimum Age 60 and the Rule of 90+, OR Minimum Age 65 for those employees who do not reach the Rule of 90.
  - Reduced retirement: Reduction factor will increase from 6% to 8% per year from the earlier of Age 60/Rule of 90 or Age 65.
- **Estimated Impact – TFFR funded level projected to reach 80% over 30 years.**